


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: October 2, 2015

SUBJECT: Fiscal Impact Statement – Medical Marijuana Laboratory Testing
Amendment Act of 2015

REFERENCE: Bill 21-192, Draft Committee Print sent to the Office of Revenue
Analysis on September 24, 2015

Conclusion

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill.

Background

The bill requires¹ medical marijuana cultivation centers to test marijuana before they sell it to a dispensary. The tests must show that the marijuana meets quality requirements that the Department of Health (DOH) will establish.

To test the marijuana, cultivation centers must send it to a laboratory that has a license from DOH. DOH will set licensing requirements and fees for laboratories that test medical marijuana.

The laboratories will also need a license from DOH so they can transport the marijuana to their facilities. A license to transport marijuana costs \$25 per year.

Financial Plan Impact

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill.

¹ By amending the Legalization of Marijuana for Medical Treatment Initiative of 1998, effective February 25, 2010 (D.C. Law 13-315; D.C. Official Code § 7-1671.01 *et seq.*).

The Honorable Phil Mendelson

FIS: Bill 21-192, "Medical Marijuana Laboratory Testing Amendment Act of 2015," Draft Committee Print sent to the Office of Revenue Analysis on September 24, 2015

The Office of Revenue Analysis expects few laboratories to apply for licenses since the city has only seven cultivation centers. In Nevada, the only other state we know of that charges laboratories licensing fees, there is only one laboratory for every 11 cultivation centers.² Since the number of laboratories seeking licenses will likely not be large, DOH believes it can handle the additional licensing work using its current staff.

The bill will generate some revenue from licensing fees, but the Office of Revenue Analysis cannot give an exact revenue estimate since the Department of Health has not yet set the fee for laboratory licenses. The amount of revenue will not be large since the transport licenses cost only \$25 and the licensing fee for laboratories will probably be close to that of Nevada, which is \$5,000.³

² See <http://mhds.nv.gov/MedicalMarijuana.htm>

³ According to the Marijuana Policy Project: <https://www.mpp.org/issues/medical-marijuana/medical-marijuana-dispensary-laws-fees-and-taxes/>